LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 6850 **NOTE PREPARED:** Jan 5, 2010
BILL NUMBER: SB 295 **BILL AMENDED:**

SUBJECT: Family and Social Services.

FIRST AUTHOR: Sen. Miller **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL **IMPACT:** State & Local
X DEDICATED
FEDERAL

Summary of Legislation: This bill has the following provisions:

(1) authorizes the disclosure of a Social Security number for the administration of a state-funded health plan. The bill specifies the notice procedures for the Division of Aging and the Bureau of Developmental Disabilities Services to follow against providers regulated by the Division or the Bureau,
(2) authorizes the Director of the Division of Aging and the Bureau of Developmental Disabilities to issue certain notice orders against a provider that violates rules issued by the Division for a program in which the provider is providing services,
(3) requires a family to receive a cash assistance benefit of at least $10 under the Temporary Assistance for Needy Families (TANF) program if certain income standards and employment earnings are met. It specifies that access to a child support enforcement program and IMPACT (JOBS) training program are included as TANF services for certain eligible families,
(4) changes the time frame in which certain Medicaid notices or bulletins may become effective, from 45 days to 30 days, after issuance,
(5) specifies that certain recreation programs for school-age children may be exempt from licensure requirements,
(6) removes language that specifies staffing requirements for the Evansville State Hospital and the Evansville State Psychiatric Treatment Center for Children,
(7) requires the release of certain mental health care information in certain circumstances,
(8) transfers administrative rules concerning aging to the Division of Aging,
(9) repeals: (a) a provision that requires the adult protective services unit and the Division of Aging to destroy any records concerning a report concerning an endangered adult that is unsubstantiated; (b) a provision concerning the distribution of funds from the Addiction Services Fund to certain programs; and

(3) the definition of "case management", and
(10) makes technical changes.

Effective Date: July 1, 2010.

Explanation of State Expenditures: *Summary:* Under the bill, state TANF expenditures are expected to increase by approximately $258,000 per year. Under the changes the Family and Social Services Administration (FSSA) plans for the Evansville Psychiatric Children's Center, state expenditures are expected to decrease by at least $280,000 per year. The expected net fiscal impact from these two provisions is a $22,000 decrease in state expenditures per year.

Additionally, by changing the definition of "continuum of care", state expenditures may change to the extent (1) previously covered services are not included or (2) additional services are included, in a revised definition made by FSSA. Any change in expenditures depends on the decisions of FSSA administrators.

The bill also contains provisions which will increase the workload of FSSA. According to FSSA, these provisions can be absorbed using existing staff and resources.

Additional Information:

Temporary Assistance for Needy Families Benefits: This bill will provide an additional $10 per month payment to a recipient family under the TANF program if: (1) the family's income is greater than the established standard of need, (2) the family's gross income is less than 100% of the federal income poverty level, and (3) a parent or essential person receiving assistance has employment earnings.

According to FSSA, there was a monthly average of 2,154 employed $0 TANF recipients between December of 2008 and November of 2009. These individuals would be eligible for the additional $10 a month benefit provided under the bill for the remainder of their TANF eligibility. This bill will increase annual state expenditures by a maximum of $258,000 if all working TANF recipients were to receive an additional $10 a month payment. This provision may not require an additional appropriation if FSSA administrators elect to reallocate resources from other programs to cover the benefit increase. However this could potentially affect reversions.

Medicaid Rehabilitation Option: This bill changes the definition of "case management" under community care for individuals with mental illnesses. FSSA reports this change will have no fiscal impact and is intended to maintain compliance with federal regulation changes in the Medicaid program.

Evansville State Hospital and Evansville State Psychiatric Treatment Center for Children: The bill removes provisions that require the Division of Mental Health and Addiction (DMHA) to (1) not terminate patient care, (2) not reduce staffing levels and classifications, (3) not terminate employees, (4) fill employee vacancies created by terminations, (5) not remove, transfer, or discharge any patient in the facility under defined conditions, (6) maintain the Evansville State Psychiatric Treatment Center for Children as autonomous of both the Evansville State Hospital and the Southwester Indiana Community Mental Health Center, and (7) maintain the Evansville State Psychiatric Treatment Center for Children as autonomous unless specified by the General Assembly.

FSSA reports that by removing this language, they plan to reduce staffing by seven full-time positions and combine functions of the two facilities. This would represent cost savings of approximately $280,000 in staffing salary per year and unknown, but additional, cost savings by combining functions between the two facilities.

Day Care Licensure: The bill adds a provision that a recreation program that operates for a maximum of 90 days per calendar year is only exempt from licensure requirements if the children provided for are of school age. The number of day care centers that would require licensure under the change is indeterminable, but is expected to increase. FSSA reports they currently have enough staff and resources to provide licensure inspections to any increase in day care licensure applications.

Destroying Records: The bill removes provisions that require the Division of Aging to destroy unsubstantiated endangered adult report records. This will decrease the work of the Division of Aging minimally.

Release of Social Security Number: This bill would allow FSSA to disclose the Social Security Number of individuals for the purpose of the administration of a state-funded health plan. FSSA reports this provision will increase workload minimally.

Continuum of Care: The bill changes the definition of the continuum of care and allows FSSA to use rule promulgation to define it for the purposes of mental health treatment. Increases in workload are expected to be minimal.

Orders for Violating Providers: Under the bill, the directors of the Division of Aging (DOA) and Division of Disability and Rehabilitative Services (DDRS) would be allowed to issue orders against providers that violate rules created by either division for the administration of programs. This will increase the workload of the DOA and DDRS to provide these orders; however, the increase can be covered under current resource levels.

Destroying of Reports: This bill repeals statute that requires FSSA to destroy unsubstantiated endangered adult reports. This provision may decrease the workload of FSSA staff to destroy these reports, but may increase expenditures to maintain additional files. Changes in workload and expenditures are unknown, but expected to be minimal.

Explanation of State Revenues: *Summary*: This bill repeals provisions that designate (1) state revenue collected from gaming and alcohol sales and (2) federal funds received from the Substance Abuse Treatment and Prevention grant, for local programs. The total amount of revenue that will no longer be designated for local use is $10.7 M per year.

Additionally, the bill may decrease state revenue from Class C infractions by repealing references to illegal activity concerning unsubstantiated endangered adult reports. Decreases in revenue are expected to be minimal.

Additional Information:

Removing Statute Concerning Local Earmarks of Gaming, Alcohol, and Federal Funds: This bill repeals language that requires the DMHA to allocate 33% of the revenue from (1) the Riverboat Admission Tax, (2) excise taxes collected on alcoholic beverages, and (3) federal money earmarked for Drug Abuse and Alcohol

Abuse/Alcoholics Efforts to (a) local programs that provide prevention, intervention, and treatment services to the psychologically or physiologically dependent on alcohol/drugs or gambling and (b) treatment programs that are not under the direction of either a community mental health center or a state institution.

These provisions will not increase state revenue, but may increase revenue that is available for state use. FSSA reports approximately $25 M was received in SFY 2010 from the federal government for drug abuse and alcohol abuse programs, of which $8.25 M was designated to be provided to local programs. For FY 2009, approximately $3.25 M in revenue was provided to the Addiction Services Fund from the alcohol excise tax, of which $1.08 M would have been forwarded to local programs. Additionally, in FY 2009, a total of $4.12 M was provided to DMHA from the Riverboat Admission Tax, of which $1.37 M would have been forwarded to local programs. The total amount of revenue that will no longer be designated for local use is $10.7 M per year.

Endangered Adult Reports: Currently, if an individual unlawfully discloses information in an unsubstantiated endangered adult report, the act is a Class C infraction. The bill removes endangered adult reports from the list of these offenses. The number of Class C infractions in the state may decrease as a result. The maximum judgment for a Class C infraction is $500, which would be deposited in the state General Fund. However, any decrease in revenue is likely to be small.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Removing Statute Concerning Local Earmarks of Gaming, Alcohol, and Federal Funds:* FSSA reports the changes in this bill will not decrease revenue that is forwarded to the local level, but the change would allow more flexibility to redistribute funds to maintain state coverage.

Endangered Adult Reports: If there is a decrease in the number of court actions filed and judgments entered, local governments would receive less revenue from court fees. However, any decrease in revenue is likely to be small.

State Agencies Affected: FSSA.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Jessaca Turner-Stults, FSSA; Jim Dunn, FSSA; *Indiana Handbook of Taxes, Revenues, and Appropriations for FY 2009*; *Indiana Administrative Code*; *Program Inventory of Indiana's Social Services Agency* from December 2006.

Fiscal Analyst: Bill Brumbach, 232-9559.